

INTERNATIONAL BUSINESS NEWS – JULY 2005

U.S. Department of Commerce

International Trade Administration – U.S. Export Assistance Center

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EXPORTERS BEWARE OF SCAM TRADE LEADS

Arkansas exporting companies should be aware that an exporting scam is operating out of the U.K. Any unsolicited export trade leads generated directly from an exporting consultant company in the U.K. should be considered suspect. The scam was recently reported in Arkansas and Wisconsin. The scam starts out as a \$700,000 trade lead in Turkey sent to the Arkansas exporting company from a person with a surname of Bryan with a U.K. exporting consulting company.

If the Arkansas company responds to the trade lead, they are informed that they must contract with a Turkish attorney to draw up an international sales contract for a sum of \$7,000; if pressed, Bryan will agree to pay half of this cost. However, as circumstance will have it, Bryan is in the process of re-locating their headquarters from London to Dublin, their operating capital is temporarily unavailable, and requests that the Arkansas company forward to him the full amount of the attorney's fee, which in turn will be deducted from his sales commission.

The U.S. Commercial Services in Turkey, U.K. and Ireland have confirmed that this is a scam. Exporters do not have to hire a Turkish attorney to draw up a sales contract. The given address for the attorney is a phone booth in Istanbul. There is no such Turkish Government Ministry, which was supposed to have initiated the trade lead. The phone numbers given in the scam lists the area code for Qatar.

Fortunately, the Arkansas company involved in the scam was suspicious from the beginning and contacted the Arkansas U.S. Export Assistance Center. The Wisconsin company was not so lucky and ultimately paid over \$60,000 in attorney fees, transaction fees and legalization fees before they determined that this was a scam.

If you have concerns or suspicions about a trade lead, a foreign company or a foreign business individual, contact the Arkansas U.S. Export Assistance Center, U.S. Commercial Service at 501-324-5794.

THE BALTIC STATES – MARKET OF THE MONTH

The Baltic States - Estonia, Latvia and Lithuania - have been independent for little more than a decade. In that short time, they have successfully transitioned to market economies and implemented economic and financial reform. These countries hold a strategic position in Europe. They are surrounded by other developing markets, and much of the population speaks English and Russian. This provides an important link between east and west.

These countries are beautiful, very technologically advanced and open to US businesses. However, it is also true that these are very small countries and many firms approach them as a group. Recognizing that there are significant differences between the countries, companies never-the less pursue a regional strategy, with allowances made for the cultural and business differences.

All three countries have improved ties to the west through membership in the WTO, NATO and most recently, the European Union, making them excellent entry points both into the EU and into Russia and Eastern Europe. The economic development agencies of these countries are eager to help firms that want to establish a presence, offering benefits and assistance. Though still developing, these countries are already leaders in economic growth among EU member countries. Latvia's 7.2% predicted rate of growth for 2005 is number one in the EU overall, followed by Lithuania at 6.4% and Estonia at 6%.

Baltic States Best Prospects for Exports:

Estonia – Telecommunications, General Science and Technology, Maritime transportation services - Port Management

Latvia - Telecommunications Equipment, Computers & Peripheral Equipment, Computer Services, Drugs/Pharmaceuticals, Sporting Goods/Recreational Eq., Forestry/Woodworking equipment, Pollution Control Equipment

Lithuania – Computer Equipment; Energy & Power Generation Equipment; Pollution Control Equipment/Environmental Services; Telecommunications Equipment and Services; Automotive Parts and Accessories; Construction Machinery/Building Materials; Safety and Security Equipment/Services

NIST TO LAUNCH NEW ONLINE SERVICE TO GIVE U.S. COMPANIES 'HEADS UP' ON EXPORT REGULATIONS:

On July 1, 2005, the National Institute of Standards and Technology (NIST), an agency of the U.S. Department of Commerce, will launch Notify U.S., a free Internet-based service that electronically notifies interested businesses when foreign governments propose regulations that might influence the treatment of U.S. exports. Available from NIST's Technology Services' National Center for Standards and Certification Information (NCSCI), Notify U.S. can spare businesses and other organizations from unwanted surprises sometimes caused by unanticipated changes in technical requirements that dictate terms of market entry. Notify U.S. will gather, organize and disseminate notifications of proposed regulatory changes issued by any of 148 countries that are members of the World Trade Organization (WTO). Notifications are sorted among 41 fields of activity that range from health-care technology to agriculture to construction materials. Users can specify the fields of activity that they wish to track and can monitor developments in selected countries or regions, such as Japan or the European Union. Notify U.S. is expected to make it easier for U.S. companies to stay on top of foreign technical regulations that affect their overseas business. Early warning should help to ensure that U.S. organizations have adequate lead-time to review and comment on proposed regulations—and perhaps head off regulations judged to pose a barrier to trade. U.S. organizations and individuals interested in using the Notify U.S. service can register online at <http://www.nist.gov/notifyus/>. For additional information, contact NCSCI at 301.975.4040 or notifyus@nist.gov.

EU DIRECTIVES EFFECTIVE AUG 2005

Effective August 2005, companies selling a broad range of electrical goods in Europe will need to conform to the Waste Electrical and Electronic Equipment (WEEE) Directive, and as of July 2005, those same companies will need to conform to the Restriction of Use of Certain Hazardous Substances (RoHS) Directive. The ten product categories under WEEE include: large household appliances; small household appliances; IT and Telecoms equipment; consumer equipment; lighting equipment; electrical and electronic tools; toys, leisure and sports equipment; medical equipment; monitoring and control equipment; and automatic dispensers. For more information go to <http://www.buyusa.gov/europeanunion/weee.html>

EU PACKAGING AND WASTE DIRECTIVES

The green flower of the European eco-label can be found throughout the EU, Norway, Liechtenstein and Iceland. The aim of the eco-label scheme is to encourage manufacturers to design products that have a reduced environmental impact throughout their life cycle, from manufacturing to disposal. Contact us to learn which articles are eligible and to receive the 3-page report on this subject.

MEXICO ANNOUNCES PROCUREMENT AMENDMENT EFFECTIVE JULY 9

An important amendment (the "Amendment") to Mexico's government procurement statutes, the Law of Public Works and Related Services (the "Public Works Law") and the Law of Acquisitions, Leases and Services of Public Sector (the "Acquisitions Law"), was published in the Mexican Federal Register. This Amendment will bring some important changes to the way bids and other public contracting processes are currently implemented by Pemex, CFE and all other public agencies and instrumentalities, and thus, may impact the manner in which your company conducts business with such entities and agencies in Mexico. This Amendment will be effective July 9, 2005, therefore, it will be important that your company and the people involved in bidding in Mexico get acquainted with its terms in order to adjust any internal practices for preparation of tenders and participation in bids.

UNZ & CO. RELEASES TRADECOMPLIANCE PLUS **From the June 200 issue of IOMA's "Managing Exports and Imports."® Reprinted with permission**

Unz & Co. (www.unzco.com), provider of international trade compliance products and services, has released a new regulatory compliance subscription service that bridges the gap between print and electronic distribution methods. The TradeCompliance Plus product line supplies clients with the latest government regulations in the form of a three-part subscription service: a traditional print edition; e-mailed regulatory alerts; and full-time Internet access. Subscribers receive print publications, including the Export Administration Regulations, Schedule B of Export Commodity Codes, Harmonized Tariff, and U.S. Customs Regulations, plus seven other titles. Regular e-mail and Internet updates ensure information is kept current. Clients also receive free Help Desk service. For more information, contact Joyce Cauda, 800-631-3098; unz@unzco.com.

BIS PUBLISHES "DON'T LET THIS HAPPEN TO YOU!" **From July 2005 Edition of IOMA's** **"Managing Exports & Imports"® -** **Reprinted with Permission**

The Bureau of Industry and Security (BIS,) has published the latest edition of its introduction to U.S. "dual-use" export control and antiboycott laws. This 48 page publication details numerous actual recent violations of U.S. export laws by the nature of the violation—naming companies, describing the violations, and listing penalties and fines imposed. Chapter headings include: Export License Requirements, License Conditions, Deemed Export, State Sponsors of Terrorism, Trans-shipment and Re-exports, Freight Forwarder, "Catch-All" Controls, Denial of Export Privileges, False Statement/Misrepresentation of Fact, Antiboycott Violations, and Successor Liability. To download the 48-page publication in Adobe format: http://www.bis.doc.gov/complianceandenforcement/dont_let_this_happen_to_you_2005.pdf.

ASK THE EXPERTS®
From July 2005 Edition of IOMA's
"Managing Exports & Imports"
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MEI's 'Ask the Experts' team - Alan Gaudio, Robert Imbriani, and Joseph Zodi - answer readers' export- or import-related questions. This issue's column is by Robert Imbriani, VP international, Team Worldwide, consultants to Unz Co.

Question from: Ruth Baratta, export/import manager, Shaklee Corporation:

I need software to create routine export documents, including pro forma invoice, commercial invoice, packing list, certificate of origin, NAFTA certificate of origin, SED for AES-Auto File with AES (Automated Export System). Can you provide a list of possibilities?

Answer From Robert Imbriani:

At many companies, the software system producing commercial invoices is tied to domestic accounting procedures, which usually require that an order be shipped before an invoice is produced. However, for international shipments, it's often necessary to produce documentation well in advance of shipment so that additional required documents can be produced, appropriate bookings and bills lading can be created, AES filings can be made, and—if a letter of credit is involved—documents can be submitted to the bank in a timely manner. There are also additional regulatory requirements, such as AES advanced filing and screening against U.S. government denied party lists. All things being equal, the most efficient way to address such requirements of international documentation is to integrate the process fully into your current data-processing system—allowing data to flow from order entry to invoicing with a minimum of additional keying or utilization of a separate nonintegrated process. This can be accomplished either in-house or by an outside vendor. However, this can be a long and expensive process and a "stand-alone system" may be your best short-term solution. Companies often find it most efficient to work with existing software vendors who have, over many years, developed specific solutions to the software needs of exporters—whether for Internet, PC, or mainframe-based platforms. Many providers address not only the production of documentation, but also eliminate the need to utilize specific forms by generating laser-produced forms. The following list of providers features a range of formats and pricing structures. These are only a few of the possible solutions: Unz & Co. (www.unzco.com); OCR Services (www.ocr-inc.com); e2e Logistics Inc. (www.e2e.us); Shipping Solutions (www.shipsolutions.com); and DCS Transportation and Logistics Solutions

OUR SHARED HEMISPHERE
by Neal Asbury, Greenfield World Trade

In his article "Our Shared Hemisphere", Neal Asbury offers insight into the history and the future of the relationships between the countries of the Western Hemisphere. He explores the increasing importance of Latin America to U.S. business. To read the article, click here:

http://www.floridaexporter.com/external_news.php?id=105

USEFUL WEBSITES

Import Regulations of Major Countries

This page at the Hong Kong Trade Development Council site has information about import requirements for China, the U.S., the EU, Canada, Japan, and Australia. There are also links to the Customs Department sites for the various countries.

<http://sme.tdctrade.com/ir/index.htm>

Mexico's Environmental Laws

United States - Mexico Chamber of Commerce's online searchable database of Mexico's Federal, State and Municipal environmental laws and compliance procedures.

<http://www.ventanaambientalmexico.com>

Environmental Protection Agency's Website

"Gateway to International Best Practices and Innovation." This EPA web site is a gateway to information and resources on innovative environmental projects and programs from around the world

<http://www.epa.gov/innovation/international/>

Korea Customs Website:

<http://www.customs.go.kr/eng/>

The following URL tells how Korea uses the HS system for classification:

http://english.customs.go.kr/hp/eng/trade/eca_000/ecaf_000/ecaf_000.html

We hope you've enjoyed this edition of our newsletter. Any mention of non-government sources does not constitute endorsement. If you have any questions or comments, contact us at

little.rock.office.box@mail.doc.gov

<http://www.buyusa.gov/arkansas>

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